



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Julia H. Cooper

**SUBJECT:** SEE BELOW

**DATE:** July 14, 2014

Approved

Date

7/21/14

**SUBJECT: FISCAL YEAR 2014-2015 SANITARY SEWER SERVICE AND USE  
CHARGE AND STORM SEWER SERVICE CHARGE ASSESSMENT**

## **RECOMMENDATION**

- a) Conduct a public hearing regarding the Sanitary Sewer Service and Use Charges ("SSSUC") and Storm Sewer Service Charges ("SSSC") annual assessment report filed by the Director of Finance with the City Clerk on July 11, 2014.
- b) Adopt a resolution to confirm the approval of the annual assessment report for Fiscal Year 2014-2015 and the placement of such charges, as set forth therein, on the 2014-2015 County of Santa Clara Secured Property Tax Bills with such modifications as the City Council may make based on public hearing testimony.

## **OUTCOME**

Conducting the public hearing and adopting the recommended resolution will allow the Director of Finance to place current SSSUC and SSSC on the 2014-2015 County of Santa Clara ("County") Secured Property Tax Bills for the collection of approximately \$157,000,000 in revenue to fund services related to the City's sanitary and storm sewer systems.

## **BACKGROUND**

On June 17, 2014, the City Council adopted Resolutions Nos. 77012 and 77013 to establish the Fiscal Year 2014-2015 SSSUC and SSSC, respectively, at the same rates previously adopted for Fiscal Years 2011-2012, 2012-2013, and 2013-2014.

Dating back to 1960 for sanitary sewer service and 1991 for storm sewer service, the City has collected payment for the majority of the annual SSSUC and SSSC by placing the charges on the County's Secured Property Tax Bills. These charges appear as a single line item entitled "SJ

Sewer Sani/Storm” on each parcel’s secured property tax bill and are collected by the County Tax Collector under a County Teeter Program. Under terms outlined in the program, the County remits 100% of the charges placed on the annual Secured Property Tax Bills to the City in two payments, typically in January and June, net of a 0.3 percent administration fee which is deducted from the January payment before it is remitted back to the City.

As outlined in San José Municipal Code Sections 15.12.550 and 15.16.1410, on or before July 5 of each year, the Director of Finance is required to prepare and file a written report with the City Clerk containing a description of each parcel of real property receiving sanitary sewer service and storm sewer service within the City and the amount of the SSSUC and SSSC for each parcel for the current fiscal year. However, on June 17, 2014, the City Council adopted Resolution No. 77055 to extend the filing date of this report from July 5, 2014 to July 15, 2014 in order to accommodate the City’s Integrated Billing System process and to allow City staff the necessary time to provide the most complete and current listing to the City Clerk.

### **ANALYSIS**

The annual assessment report for Fiscal Year 2014-2015 was submitted by the Director of Finance to the City Clerk on July 11, 2014. The report includes charges totaling approximately \$157,000,000 and covers approximately 232,500 parcels. Pursuant to the Director of Finance’s recommendation, on June 17, 2014, the City Council approved setting a public hearing, which the City Clerk has scheduled for August 5, 2014 at 1:30 p.m., or as soon as the matter may be heard, in the City Hall Council Chambers. Public notices have been published in accordance with San José Municipal Code Sections 15.12.550 and 15.16.1430.

### **EVALUATION AND FOLLOW-UP**

Upon acceptance of this recommendation, staff will place the 2014-2015 SSSUC and SSSC, as detailed above, on the 2014-2015 County of Santa Clara Secured Property Tax Bills, with such modifications as the City Council may make based on public hearing testimony, scheduled to be heard on August 5, 2014.

### **PUBLIC OUTREACH/INTEREST**

- ☒ **Criteria 1:** Requires Council action on the use of public funds equal to \$1,000,000 or greater. **(Required: Website Posting)**
- ☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

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- ☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

The City Clerk's Office will publish the notice of the time and place of the public hearing as required by San José Municipal Code 15.12.550 and 15.16.1430. In addition, this memorandum will be posted on the City's website for the August 5, 2014 Council agenda.

### **COORDINATION**

This memo has been coordinated with the City Manager's Budget Office, the Environmental Services Department, the City Attorney's Office, and the City Clerk's Office.

### **COST SUMMARY/IMPLICATIONS**

This action will result in Fiscal Year 2014-2015 revenue of approximately \$125,500,000 and approximately \$31,500,000 related to the Fiscal Year 2014-2015 SSSUC and SSSC assessments, respectively. Revenue from these charges has been allocated by the City Council to various allowable City functions as part of the Adopted 2014-2015 budget.

### **CEQA**

Not a Project, File No. PP10-069(a), City Organizational and Administrative Activities.

/s/

JULIA H. COOPER

Director of Finance

For questions, please contact Wendy Sollazzi, Division Manager, at (408) 535-7005.